

Message Text

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PAGE 01 SALVAD 00065 051401Z

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FM AMCONSUL SALVADOR

TO AMCONSUL SAO PAULO

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SAO PAULO FOR O'MARA, BRASILIA FOR ATTACHE

E.O. 11652: N/A

TAGS: EAGR, ATRD, BR.

SUBJECT: 1974/1975 BAHIA TOBACCO IPDATE

REF: SALVADOR 029, 4/4/74, O'MARA/SLEGHT TELCON 10/25/74

1. BAHIAN TOBACCO PICTURE REMAINS MORE OR LESS AS REPORTED REFTEL. 1973/1974 CROP WAS, AS ESTIMATED, ABOUT 20,000 TONS: 20 0/0 GOOD QUALITY, 30 0/0 MEDIUM, AND 50 0/0 LOW QUALITY. TOBACCO PRODUCTION IN 1974/1975 IS EXPECTED TO DECREASE BY 10 0/0 IN COMPARISON WITH 1973/1974, ALTHOUGH ITS QUALITY WILL BE BETTER DUE TO IMPROVED WEATHER CONDITIONS AND NORMAL RAINFALL IN GROWING AREA.

2. AREA PLANTED IN ROUGHLY 196,000 SQ. MT., LESS THAN THAT CULTIVATED IN 1973/1974, WITH PRODUCTION COSTS ESTIMATED AT CR 0,459 PER SQ. MT. CURRENT PRICES PER ARROBA (15 KILOS) BEING PAID TO GROWERS ARE: MATA FINA CR 60,00 MATA SUL CR 52,50, MATA NORTE CR 52,50, FEIRA CR 45,00, SERTAO PROXIMO CR 33,00 AND SERTAO GROSSO CR 22,50. THESE PRICES REPRESENT, RESPECTIVELY, PERCENTAGE INCREASES OF 20 0/0, 31 0/0, 37 0/0, 50 0/0, 32 0/0 AND 12,5 0/0 OVER THOSE PREVAILING FOR THE 1973/1974 CROP. CURRENT FOB PRICES ARE RESPECTIVELY USDOLLARS 19.50, USDOLLARS 18.00, USDOLLARS 16.50, USDOLLARS 15.00, UNCLASSIFIED

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PAGE 02 SALVAD 00065 051401Z

USDOLLARS 12.00 AND USDOLLARS 8.25 PER ARROBA. THESE PRICE

INCREASES FOR THE 1974/1975 CROP REFLECT THE REDUCED YIELD AND BETTER QUALITY OF THE NEW CROP.

4. EXPORTS FOR 1975 ARE ESTIMATED AT 17,000 TONS, APPROXIMATELY 97 0/0 OF PRODUCTION WITH THE MAIN CUSTOMERS BEING WEST AND EAST GERMANY, HOLLAND, DENMARK, SWEDEN, FRANCE, SPAIN, NORTH AFRICA (MOROCCOAN ALGERIA, TUNISIA) AND THE U.S.A.

5. COMMENT: DESPITE IMPROVEMENT IN PRICES FOR CURRENT CROP, PRODUCTION OF TOBACCO IN BAHIS IS STILL EXPECTED TO DIMINISH GRADUALLY WACG YEAR, AND ESTIMATES ARE THAT IT WILL REACH ITS MINIMUM LEVEL WITHIN FIVE YEARS. THE REASONS FOR THIS PREDICTED DECLINE ARE: (A) THE CONTINUOUS EXODUS OF RURAL LABOR FORCE FROM THE PRODUCING AREAS TO INDUSTRIAL CENTERS, (B) THE RELATIVELY WEAK PRICE IN COMPARISON TO ALTERNATE CROPS SUCH AS PINEAPPLES, PASTURE SISAL, AND OTHERS, AND (C) HIGH YIELDS AND INCREASED COMPETITION FROM OTHER PRODUCERS (COLOMBIA, DOMINICAN REPUBLIC AND PARAGUAY).
SLEIGHT

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